

**Montana Board of Oil and Gas Conservation
Environmental Assessment**

Operator: Continental Resources, Inc.
Well Name/Number: Odair 1-24H
Location: NW NE Section 24 T23N R53E
County: Richland, **MT;** **Field (or Wildcat)** W/C (Bakken Horizontal)

Air Quality

(possible concerns)

Long drilling time: No, 15 to 25 days drilling time.

Unusually deep drilling (high horsepower rig): No, triple derrick rig to drill a single lateral horizontal Bakken Formation test, 14,159'MD/9,567'TVD.

Possible H₂S gas production: Slight chance H₂S gas from Mississippian Formations.

In/near Class I air quality area: No, no Class I air quality area nearby.

Air quality permit for flaring/venting (if productive): Yes, DEQ air quality permit required under 75-2-211.

Mitigation:

☒ Air quality permit (AQB review)

☐ Gas plants/pipelines available for sour gas

☐ Special equipment/procedures requirements

☐ Other: _____

Comments: No special concerns – using triple rig to drill a single lateral horizontal Bakken Formation test, 14,159'MD/9,567'TVD. If there is an existing gathering system for natural gas in the area, then associated gas can be gathered or if no gathering system nearby gas can be flared under Board Rule 36.22.1220.

Water Quality

(possible concerns)

Salt/oil based mud: Yes to intermediate casing string hole will be drilled with oil based invert drilling fluids (oil/water ratio of 70/30 to 80/20), 1550' to 9830'MD. Horizontal lateral will be drilled with brine water, 9830' to 14,159'MD. Surface casing hole will use freshwater and freshwater mud system (Rule 36.22.1001), surface to 1550'.

High water table: No high water table anticipated at this location.

Surface drainage leads to live water: No, nearest drainages are an unnamed ephemeral tributary drainage to East Redwater Creek, about 1/8 of a mile to the north and about 1/4 of a mile to the southwest from this location.

Water well contamination: None, closest water wells are about 1/8 of a mile to the northeast, about 3/8 of a mile to the east northeast, about 5/8 of a mile to the east southeast, about 5/8 of a mile to the northwest, about 3/4 of a mile to the west, about 3/4 of a mile to the southwest, about 3/4 of a mile to northeast, about 3/4 of a mile to the east from this location. Depth of these stock and domestic water wells range from 40' to 446'. Surface hole will be drilled with freshwater and freshwater mud system, Rule 36.22.1001. Surface casing will be set at 1550' and cemented to surface.

Porous/permeable soils: No, silty sandy clay soils.

Class I stream drainage: No Class I stream drainages in the area of review.

Mitigation:

☐ Lined reserve pit

☒ Adequate surface casing

☐ Berms/dykes, re-routed drainage

☒ Closed mud system
☒ **Off-site disposal liquids (in approved facility)**
☒ Other: Lined cuttings pit (16 mil impervious synthetic) will be used since this is a closed loop mud system to be employed.

Comments: 1550' of surface casing enough to cover the base of the Fox Hills and cemented to surface adequate to protect freshwater zones, Rule 36.22.1001.

Soils/Vegetation/Land Use

(possible concerns)

Stream crossings: No stream crossings anticipated.

High erosion potential: Possible high erosion potential on moderate cut slope at this location. The location will require a moderate cut, up to 21.2' and moderate fill, up to 13.3', required.

Loss of soil productivity: No, location will be restored after drilling if unproductive. If productive, unused portion of this drilling location will be restored.

Unusually large wellsite: No a arge wellsite, 400'X450' location size required for a single well pad for the Odair 1-24H drilling location.

Damage to improvements: Slight, surface use is cultivated land.

Conflict with existing land use/values: Slight

Mitigation

- ☐ Avoid improvements (topographic tolerance)
- ☐ Exception location requested
- ☒ Stockpile topsoil
- ☐ Stream Crossing Permit (other agency review)
- ☒ Reclaim unused part of wellsite if productive
- ☐ Special construction methods to enhance reclamation
- ☐ Other _____

Comments: Access will be over existing county road, #127. About 90' of new access road will be built into this location from the county road #127. Cuttings will be buried in the lined cuttings pit. Oil based drilling fluids will be recycled. Reserve pit fluids will be hauled to a commercial disposal. Pit will be allowed to dry and then closed by filling in with clay subsoils. No special concerns.

Health Hazards/Noise

(possible concerns)

Proximity to public facilities/residences: Closest residences are about 1/8 of a mile to the northeast, 1/4 of a mile to the northeast, 3/4 of a mile to the northeast, about 1.25 miles to the northeast and 1.75 miles to the northwest from this location. The town of Richey, Montana is about 12.25 miles to the southwest and the town of Lambert, Montana is about 16.5 miles to the southeast from this location.

Possibility of H2S: Slight chance of H2S from Mississippian Formations.

Size of rig/length of drilling time: Triple drilling rig/short, 15 to 25 days drilling time.

Mitigation:

- ☒ Proper BOP equipment
- ☐ Topographic sound barriers
- ☐ H2S contingency and/or evacuation plan
- ☐ Special equipment/procedures requirements
- ☒ Other: Standard H2S safety equipment for the drilling of this well, rule

36.22.1014.

Comments: Adequate surface casing cemented to surface with an operational BOP stack (annular and double ram (pipe and blinds) rated for 5,000 psig) should mitigate any problems, Rule 36.22.1014.

Wildlife/recreation

(possible concerns)

Proximity to sensitive wildlife areas (DFWP identified): Fox Lake State Game Management Area is about 14.5 miles to the southeast from this location.

Proximity to recreation sites: Fox Lake State Game Management Area is about 14.5 miles to the southeast from this location.

Creation of new access to wildlife habitat: No

Conflict with game range/refuge management: No

Threatened or endangered Species: Species identified as threatened or endangered are the Pallid Sturgeon, Interior Least Tern, Whooping Crane and Piping Plover.

Candidate specie is the Sprague's Pipit and the Greater Sage Grouse. NH tracker website indicate zero (0) species of concern in this township and range.

Mitigation:

___ Avoidance (topographic tolerance/exception)

___ Other agency review (DFWP, federal agencies BLM, DNRC/TLMD)

___ Screening/fencing of pits, drillsite

___ Other: _____

Comments: Private cultivated surface lands. There may be species of concern that may be impacted by this wellsite. We ask the operator to consult with the surface owner as to what he would like done, if a species of concern is discovered at this location. Board of Oil and Gas does not have any jurisdiction over the privates surface lands. No concerns.

Historical/Cultural/Paleontological

(possible concerns)

Proximity to known sites: None identified.

Mitigation

___ avoidance (topographic tolerance, location exception)

___ other agency review (SHPO, DNRC/TLMD, federal agencies BLM)

___ Other: _____

Comments: Private cultivated surface lands. There may be possible historical/cultural/paleontological sites that maybe impacted by this wellsite. We ask the operator to consult with the surface owner as to his desires to preserve these sites or not, if they are found during construction of the wellsite. Board of Oil and Gas does not have any jurisdiction over the privates surface lands.

Social/Economic

(possible concerns)

___ Substantial effect on tax base

___ Create demand for new governmental services

___ Population increase or relocation

Comments: Wildcat well. No concerns.

Remarks or Special Concerns for this site

Continental will drill a single lateral Bakken Formation horizontal well test, 14,159' MD/9,567' TVD. No special concerns.

Summary: Evaluation of Impacts and Cumulative effects

No significant long term impacts expected, some short term impacts will occur.

I conclude that the approval of the subject Notice of Intent to Drill (does/**does not**) constitute a major action of state government significantly affecting the quality of the human environment, and (does/**does not**) require the preparation of an environmental impact statement.

Prepared by (BOGC): /s/Steven Sasaki
(title): Chief Field Inspector
Date: July 8, 2013

Other Persons Contacted:

Montana Bureau of Mines and Geology, GWIC website
(Name and Agency)
Water wells in Richland County
(subject discussed)
July 8, 2013
(date)

US Fish and Wildlife, Region 6 website
(Name and Agency)
ENDANGERED, THREATENED, PROPOSED AND CANDIDATE SPECIES
MONTANA COUNTIES, Richland County
(subject discussed)
July 8, 2013
(date)

Montana Natural Heritage Program Website
(Name and Agency)
Heritage State Rank= S1, S2, S3 T23N R53E
(subject discussed)
July 8, 2013
(date)

Montana Cadastral Website
(Name and Agency)
Surface Ownership and surface use Section 24 T23N R53E
(subject discussed)
July 8, 2013
(date)

If location was inspected before permit approval:
Inspection date: _____
Inspector: _____

Others present during inspection: _____